

**THOMPSONVILLE FIRE DISTRICT #2
11 PEARL STREET, ENFIELD CT 06082**

DRAFT Meeting Minutes – February 19, 2014 Special Meeting

Council Chambers, Enfield Town Hall

1. Call to Order: 5:42 pm

2. Roll Call: present were Comm. Alaimo, Comm. Alsbaugh, Comm. Gillespie, Chief Alaimo, Asst. Chief Provencher, and Secy. Wawer. Also in attendance was Atty. Carl Landolina.

3. Discussion and Approval of Commitment Letter from United Bank related to construction financing for new fire station: Atty. Landolina said there were some items discussed several weeks ago relative to the financing of the new fire station and a resolution was adopted to issue bonds. Comm. Alsbaugh had several concerns about this because he didn't have enough information. Mr. Charlie Valade, Chief Loan Officer for United Bank, and David Pacheco, Pacheco & Ross Architects, are at the meeting tonight to answer any questions the Commission may have. Right now we are at a crossroads with the project. Last May the Commission unanimously adopted a resolution to authorize the borrowing of up to \$3.5 million for the construction of a new fire house. After the adoption of the budget, a taxpayers group filed a lawsuit questioning the budget adoption process. The case was heard in Superior Court and a decision was issued. During that time, the bank was concerned about the impact of the litigation on the district's ability to borrow money. An appeal has been filed but a decision will not be issued before next year's budget adoption. According to the judge's ruling, only the 3 Commissioners will vote on the budget. The bank would like to structure this as a tax exempt transaction. Because of the tax exempt status, the bank offered a lower than market rate of interest. In order to close the loan certain opinions have to be rendered by bond counsel. Bond counsel insisted on the adoption of a second resolution. After reviewing the minutes from the Feb. 6 meeting, the bond counsel decided Mr. Gillespie's vote does not count. Therefore they will not give us the opinion that we need for tax-exempt financing. There have been discussions about doing a nontax-exempt transaction. We would not need a bond counsel's opinion but the bank could not offer the below market rate interest. Atty. Landolina provided the Board with amortization schedules with 3 different interest rates. To do the transaction with nontax-exempt status, it would cost the district a minimum of \$500,000 in additional interest payments. Under the terms of the bid the contractor had a right to hold his price for a certain amount of time. That period has past. Enfield Builders has agreed several times to hold their price. Enfield Builders has informed us that it cannot hold its bid past March 4. Even if the project doesn't move forward, we have a debt to United Bank for \$410,000. David Pacheco explained the escalation of costs relative to the project. Mr. Pacheco said based on the work that has been done so far it would cost \$3.1 million to complete the project. That is an increase in cost of about \$280,000. Mr. Pacheco provided a graph comparing the construction cost index to inflation. Construction escalation outpaces inflation. Construction escalation increases each year. The price of the project will go up after the 30 days. Based on historical data, escalation will not go down. Wage rates are set and the district must adhere to them. On Feb. 4, Enfield Builders said they will hold their bid only for 30 days. Any further delays will result in increases of costs. According to the soils engineer, the existing foundations will not last another winter without having to come out. Atty. Landolina asked if the project will have to be re-bid if we lose the general contractor. Mr. Pacheco said yes. The re-bid process would take another 2 months. With increasing escalation costs, the market bid price would be \$3.5 - \$3.9 million. Comm. Alsbaugh said he understands all the issues that have been discussed. He asked if Enfield Builders recommended waiting until spring to put in the foundation. Mr. Pacheco said Enfield Builders would like to have done the project in the spring because of the winter conditions. Comm. Alsbaugh said in the May 8 meeting minutes a statement was made that we couldn't use commercial bonding or we would not be eligible for tax exempt status. He asked how we go after tax exempt status. Charlie Valade said he has taken over for Bill Fontes. United Bank originally made a commitment in July for funding of \$3.06 million with a fixed interest rate of 3.75%. This was based upon a tax-exempt status. The interest rate is fixed for 20 years. This is atypical for commercial based loans. Comm. Alsbaugh said that was a loan, not bonds. Mr. Valade said it was a rate based upon being a tax-exempt bond. A similar deal on a taxable basis for 20 years would be 5.75%. Comm. Alsbaugh asked what has changed to no longer qualify for tax-exempt status. Mr. Valade said it still

qualifies but it has to have to the bond counsel's opinion. There is a question about the votes that were cast. During that time period, the price of the building has gone up. So the bank issued a second commitment letter for \$3.315 million at a rate of 4%. That amounts to \$100,000 more in financing costs. It is far less expensive to do it on a tax-exempt basis. To do that, we need to have the bond counsel's opinion which we don't have. Comm. Alsbaugh asked if we know what they require at this point. Mr. Valade said they require a vote of the Commissioners approving the funding terms the bank has put in writing. Comm. Alsbaugh asked who they consider Commissioners. Atty. Landolina said bond counsel will not count Mr. Gillespie's vote. In May 2013 everyone was a Commissioner and there was a unanimous vote to issue the bonds. Inside that adopted resolution was a requirement for an additional resolution to be adopted in the future. That resolution was brought to you a few weeks ago. Bond counsel is not going to consider Mr. Gillespie's vote. So unless Comms. Alaimo and Alsbaugh adopt the resolution that bond counsel has prepared, this transaction will not be able to move forward as tax-exempt. Comm. Alsbaugh asked when the current rate offer expires. Mr. Valade said it was Feb. 5. He will go back to the original rate of 3.75%. Comm. Alsbaugh asked if that rate was for the life of the loan. Mr. Valade said yes. It is for the benefit of the district to go tax-exempt in terms of cost savings. Atty. Landolina said even though the commitment letter had an expiration date of Feb. 5, Mr. Valade will extend the terms of the letter. Mr. Valade said he will amend the Jan. 31 letter so the Commissioners will have something to vote on. Comm. Alaimo asked who could vote on the loan. Atty. Landolina said Comm. Gillespie can vote but the bond counsel won't consider it. So it would just be Comms. Alaimo and Alsbaugh. Comm. Alaimo asked if he and Comm. Alsbaugh vote to use the bonds it's about a savings of \$600,000-\$700,000 to the district. A conventional loan will cost a lot more money. Atty. Landolina said even though there is no commitment letter for the non-tax-exempt loan Comm. Alaimo is correct. Comm. Alsbaugh said because there is no commitment letter for a non-tax-exempt loan, it is pointless to vote on it. We can only make a motion for the tax-exempt letter. Mr. Valade said he has changed the rate and the date and initialed it on the letter. The loan will be for \$3.315 million. The expiration date is Feb. 28. Comm. Alsbaugh asked if that amount covers what is necessary for completion. Dave Pacheco said the project could happen at the current threshold. If we wait the only way the project will happen is more money. Atty. Landolina asked what it cost to finish the project from where it is now. Mr. Pacheco said the \$3.1 million is the construction cost. There still will be other costs such as state mandated inspection costs and soft costs. He estimates the total cost would be about \$3.7 million. That number was \$3.4 million. Comm. Alsbaugh asked if the original loan amount was never intended to include the soft costs. Mr. Pacheco said yes. Comm. Alsbaugh said we will have to come up the money whether it's pre-existing or in the next budget. Mr. Pacheco said currently the district has \$250,000 for paying the loan. There is a \$160,000 contingency fund. In a few months there will be another \$250,000. That money will not be used because the full payment won't be due for the first year. The sale of the building is on the soft cost budget as an unknown. Atty. Landolina said the bank will fund the project as if it were a private construction project. There will be a schedule of disbursements made throughout the construction period. We will be billed for the interest that has accrued only on the amount dispersed. The amortization schedule will be for 19 years. After the construction is done only the principal plus interest payments are due. Atty. Landolina said we still need time to entire into a contract with Enfield Builders. There is no contract at this point because it wasn't advisable to enter into a contract until the financing was set. It would take about a week to get the contract squared away. Mr. Pacheco said he received a call from Enfield Builders and they reiterated that time is of the essence. Mr. Valade had to leave at that time and the Commission thanked him for coming. Motion to approve the commitment letter with United Bank revised as of Feb. 19, 2014 made by Comm. Alsbaugh, 2nd by Comm. Alaimo. Discussion: Comm. Alsbaugh said his position on the original status of the taxpayers is obvious. He doesn't and never did approve of how all this occurred. At this point it is his responsibility as a commissioner to move forward in such a way that creates the least harm for the taxpayers. He is inclined to accept this development at this time. Comms. Alaimo and Alsbaugh voted yes. Passed 2-0 with Comm. Gillespie abstaining.

4. Discussion and Adoption of Resolution relating to the issuance of bonds for the construction of the new fire station: Atty. Landolina said this is the same resolution from a few weeks ago except the commitment letter is now the one you have before you. Motion to adopt the resolution relating to the issuance of bonds for the construction of the new fire station made by Comm. Alsbaugh, 2nd by Comm. Alaimo. Discussion: none. Comms. Alaimo and Alsbaugh voted yes. Passed 2-0 with Comm. Gillespie abstaining. The resolution was read into the record by Secy. Wawer. Comm. Alsbaugh asked if the loan amount was for \$3.315 million. Atty. Landolina said yes. The bonds are up to \$3.5 million. Comm. Alsbaugh asked who the legal treasurer is. Chief Alaimo said Secy. Wawer. Comm.

Alsbaugh said we have never appointed a legal treasurer. Chief Alaimo said during his whole time with the dept. the Commission hired one. Comm. Alsbaugh asked if the person holding the secretarial position, who pays the bills and balances the accounts, has been considered the legal treasurer. Chief Alaimo said yes and we have proper bonding for that position. Atty. Landolina said if bond counsel wants something more formal at such time we will have to do so. Comm. Alsbaugh asked if that person will act as clerk of the works. Atty. Landolina said no. You have your own clerk of the works in the project. Chief Alaimo asked Mr. Pacheco to explain the position. Mr. Pacheco said there is a special inspector instead of the clerk of the works. That person is hired directly by the district. Legally that person cannot be hired by a third party or the contractor. The company is IMTL. They have a special inspector on site for all the critical systems such as soils, steel and concrete. Comm. Alsbaugh asked how often his reports are submitted. Mr. Pacheco said any day they are there we will get a report. Comm. Alsbaugh asked how the reports are filtered to the Board. Mr. Pacheco said they are sent to him, the Building Dept. and copied to the Chief. Comm. Alsbaugh asked that the Commission receive the reports and be kept up to date. Chief Alaimo asked Mr. Pacheco to explain the system of checks and balances. Mr. Pacheco said the front end in the specification section of the bid defines the roles of everyone. All questions on simple issues come to the architects and they respond to the contractors. Any issues that need to be brought to the Commission's attention would be passed through but first filtering through the architects. That is the same with the payment applications. Before the district ever receives anything, the architects receive a pencil rec. That helps make sure the contractor gets paid and makes sure the district isn't paying more for what is done. The special inspector makes sure that the things being built are the way they are suppose to be built. Comm. Alsbaugh asked to be included in the loop. Mr. Pacheco said since we are not under a contract right now, the contractor has no obligation to share anything with the architects. The contractor is not going to sign a contract until the financing is in place. There are two main documents in the bid to look at. One is called an A201 General Conditions and the other is A101 which is the actual contract. The building has to be built according to the contract document. If it is not, the contractor must pay to fix it. Every time there is a job site meeting, there will be a report. This report will include the work that has been done, any problems, and status of work being done. Chief Alaimo thanked Mr. Pacheco for explaining everything.

5. Discussion and Adoption of Resolutions to send the following matters to the voters of the District:

a) Increase the number of members of the Board of Fire Commissioners to 5: Atty. Landolina said the terms of the new commissioners needs to be decided. The new commissioners can have 3 year terms or have staggered terms. Comm. Alsbaugh asked wouldn't it be simpler to have 3 year terms in order to be consist with the statute. Atty. Landolina said the Commission could do that. Every third year there could be a possible turnover of the majority of the membership. Comm. Alaimo asked how the Enfield Fire Dept. rotates their commissioners. Atty. Landolina said he wasn't sure. There is a proposed bill that would require the staggering of terms. Comm. Alsbaugh said we should stick to what is in the Special Act. Comm. Alaimo agreed.

b) Set hours of voting for annual election of commissioners: Atty. Landolina said the earliest the voting can begin is 6:00AM and voting must close at 8:00PM. It is not required to start at 6. The hours of voting is entirely up to the Commission. Comm. Alsbaugh said the voting should be at least from noon to 8. That will give people a greater opportunity to vote. He is concerned about when the candidates will have an opportunity to present their position. Atty. Landolina said that is up to the Commission to decide. Comm. Alsbaugh said we need a formal process where candidates can present what they are doing. Atty. Landolina said it makes sense to adopt part c. Comm. Alsbaugh suggested it become part of the regular meeting schedule. Atty. Landolina said we can add something to the second or third resolution formally offering the opportunity for anyone who has announced their candidacy to speak at the regularly scheduled meeting prior to the annual meeting. Comm. Alaimo asked if they would still have to give the written 30 day notice. Atty. Landolina said yes if part c is passed. Comm. Alsbaugh asked doesn't that give us the 30 days if we schedule the candidates to speak at the preceding regular meeting. Atty. Landolina said yes. Comm. Alaimo asked if this will eliminate anyone showing up at the annual meeting and running for office. Comm. Alsbaugh said we are formalizing the 30 day procedure and the presentation of candidates.

c) Establish a procedure for candidates for office of commissioner to announce their candidacy: was discussed under part b.

d) Establish that the election of commissioners shall be subject to the minority representation statute: Atty. Landolina said there is a statute called the minority representation statute dictates how many people from one political party can be on any board or commission. Comm. Alsbaugh asked what the statute actually says. Atty. Landolina said it says for a 5 member board no more than 4 members can be of the same political party. Comm. Alsbaugh said he would prefer to minimize the impact of any political party. He is reluctant to give anyone a hand up politically in party affiliation. Our responsibilities are to the taxpayers and not the political parties. Comm. Alsbaugh asked what is the risk involved in not having that political association. Atty. Landolina said there is a question of whether you do or you don't have to do this by state law. He doesn't know whether this statute applies to the district or not. Comm. Alsbaugh said he doesn't like it but he doesn't mind it being in a resolution. That will be something the people have to decide. He would like to minimize the encouragement of parties getting involved with the taxpayers of the district. Comm. Gillespie said we don't even have to vote on d. There is no reason for it. Comm. Alaimo asked if we eliminate d and several years from now all 5 members are from the same party, do we have a problem with the state statute. Atty. Landolina said the only person that would have standing to make such a claim would be someone who lost in the election. The Commission agreed to eliminate d and to deal with any problems pertaining to that statute at that time. Atty. Landolina said the consensus was under a) in May 2014 there will be 2 new members elected for 3 year terms. Under b) the hours would be set for a minimum of 12 to 8PM. Comm. Alaimo said he is concerned because people work different shifts. He suggested starting at 8AM. Comm. Alsbaugh said 12 to 8PM covers all 3 shifts. The Commission agreed to set the voting hours from 12 to 8PM. Atty. Landolina said we will amend part c to say the candidates must submit their paperwork by the April regular meeting. Chief Alaimo asked if a person submits their paperwork after the April regular meeting but before the 30 day period then they cannot run. Comm. Alsbaugh said we are removing the 30 days. Chief Alaimo said this will become an agenda item for every April meeting. Motion to approve resolutions a, b, and c as amended and send them to a special meeting made by Comm. Gillespie, 2nd by Comm. Alsbaugh. Discussion: Comm. Gillespie asked what it will cost for all day voting. Secy. Wawer said it depends on the number of checkers hired. She suggested hiring 2 to 3 checkers starting in the morning and then add a few more around 5PM. The checkers are paid \$8.50/hr. Comm. Alsbaugh asked where will the election be held. Chief Alaimo said he doesn't know yet. He will try to book the Council Chambers or it could be at the fire house. Eventually it will be at the new building. Comm. Alaimo said we don't know a dollar figure. Comm. Gillespie asked if there is a charge for the voting machines. Secy. Wawer said we will have to pay for the ballots but the Registrars probably would not charge to use the scanners. Comm. Gillespie said he just wants to make sure that everything is paid. He asked how many meetings need to be scheduled between now and May. Atty. Landolina said there will be a special district wide meeting in which the electors will have the opportunity to discuss and act on these resolutions. The meeting will have to be in the third or fourth week of March. Comm. Alsbaugh said we will have to advertise this special meeting well because people will have a limited time to vote on the resolutions. Chief Alaimo said we will use legal notices, QAlert, the town website and our website. After roll call the motion passed 3-0.

6. Schedule a special meeting of the District voters to act on the above matters: Atty. Landolina suggested the Commission pick a date and the place will be determined later. The Commission discussed possible dates to hold the meeting. Motion to set the date for March 19 with location to be determined made by Comm. Alsbaugh, 2nd by Comm. Gillespie. Passed 3-0.

7. Executive Session: Pending Claims and Litigation CTTFD v. Board of Fire Commissioners AC36212: Atty. Landolina said there is nothing to discuss. Nothing has happened since the last time they discussed the matter.

8. Possible action regarding Executive Session: not needed
A 5 minute recess was taken at this time.

9. Executive Session: Litigation CGS 7-433c Heart and Hypertension Claim and Hiring of New Firefighters and Promotion of Training Officer: During the recess the Commission decided to table these items because Comm. Alaimo needed to leave.

10. Adjourn: the meeting adjourned at 7:48PM

Submitted by Secretary Kellie Wawer